

How to identify „weaknesses“ and not to fall in panic



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The legislative state and its ability to absorb changes is passing an unexpected test, the result of which is not known at this moment. Legal and financial cohesion of actors of the real assets sector will undergo several modifications, updating, maybe shocks even. The changes will touch those the most who take part in transaction processes directly or implicitly.

Be ready for return of the trade boom

The reasonable preparation for the incoming economy recession is the active management of outer and inner risks based on understanding our priorities, by Martin Ohlidal from Centire Company, the author of the introduction quotation. We need to be clear in that, what is worthy of keeping and protecting and to know our “zones of deformations” or weaknesses. It is not clear, what are breath, pulse and pressure in connection with a company. In order not to become the one, which does not prevent crisis, but puts it by itself in practice proactively, the company has to identify not only partners, with whom to communicate in advance is necessary, but also the people, who create atmosphere and common reputation on the company and carry the key know-how. The team culture is being built year by year, but spoiled can be in a month.

„To outlive onerous times without persistent effects means not to fall in panic. We all ought to be enlightened by current history and hard-bitten by the fight with growing price of crude oil or shortage of quality manpower. But is it really like that? “- Ohlidal asked himself the trick question and supplemented, that the question which becomes the core one is how to keep current customers, to gain those ones from congruence and prepare ourselves so that the boom would not take us by surprise.

The pressure for debt recovery is rising

Is not it early to appraise the crisis influencing on any branch? Zuzana Chudáčková from the consulting company bnt - Sovova Chudáčková & Partner sets to just this matter with regard to legal counselling. As she remarked, after the crisis burst out clients began changing their attitudes - to attest partners, to fish for information. Statutory of companies are care more for it, what would happen in case of insolvency, however, they mostly meet the mother company needs, for the fear of their own position, which request sharp activities. Because of trade unions pressure falls in times of uncertainty, collective labour agreements inconvenient for employees are closed not once.

We already found attenuation of personal agencies activities and distrust from Germany companies' side against Slovak partners, what they display by escalating press to debt recovery. For the question whether the efflux of finances from Slovakia abroad showed itself already, Chudáčková reacted negatively: „With our clients not - it is rather the tactic of waiting.“ While „pre-crisis“ company counselling attended establishing business companies, purchase and sale of real estates or legal assistance while recruiting new manpower, now it is oriented more to fulfilling commitments of mother company, chances in protecting investments and the way of terminating labour relations including mass-lay off.

What is the mystical „force majeure“?

To find potential snags of sales agreements in estate projects means to know how to avoid them. Irena Duffková from Salans Europe LLP Company agrees, that people have to be mainly focused on § 59a of the Commercial Code - its non-acquaintance namely stays behind frequent problems many times while transferring a real estate. Business conditions, which are allowed be changed exclusively after both parties agreement, have to be defined in the agreement clearly and expertly. It is not correct, whether the agreement enables to do it only by one party. An expert's report remains decision-making condition in determining the object-matter of the contract value. In case of the landowner change or a structure being built respectively, the building permission must anticipate legal acts to future owner according to § 70 of the building law.

Like a classical case of the transaction with a snag she presented: An owner (A) will transfer a real estate to „a conciliator“ (B). While performing the second transfer the conciliator (B) will transfer the real estate to final owner ©, who is registered in the Land Register. Consequently the original owner (A) will back out of contract, by which he transferred the real estate to the conciliator before (B). The moot question sounds: Is the ownership right of the final owner touched by the discharge of contract at first transfer ©? Duffková also touched the mystically sounded term „force majeure“. This term has not a legal frame, however, by her, because responsibility caused by delay does not arise in case, if the delay has the objective character and the obstacle is unforeseeable and unavoidable.

That time profitability, now liquidity

„That time it was divided - allegorically told - 10 crowns for five projects, from which one was speculative at least, while profitability was priority. Now liquidity is on the first place. That is way the real estate market has to be transformed from short-term to long-term business,“ either Miroslav Jankovič from Privatbanka did not forgive himself the comparison „before crisis and now“. For the question how banks will proceed in case, if the client will lost work, and thereby ability to pay back the credit, he answered: „No bank needs to touch buildings or flats - it only needs the money would be paid back. “ It is expected that the crisis will clean off the market and cost items will be monitored more than till now. Everybody has to be ready for innovative processes and be financially strong. „I am not a prophet, but it will not be six months, “he answered diplomatically for the question, till when the crisis lasts, and supplemented, that Slovakia can enrol it like first in its latter history.

Jankovič recognizes substantial knowledge of a client, monitoring his needs and expectations and insuring regular reporting on the state of his assets to be the first condition of correct investment strategy. This can offer only the bank focused on services of private banking system, with emphasis on individual approach (specific requirements of a client), discretion (protection of confidential information), innovativeness (new investment solutions and opportunities retrieval) and flexibility (prompt reactions for requirements of a client).

The need to restructure companies

Why this crisis is different than the ones before? „This is the mother of all crisis, it comes from the most rich economy all over the world,“ Ladislav Janyík, the director of KPMG Slovensko outlined the reason. The

negatives of this originally „only“ mortgage crisis is, that it is spreading all over the world though globally interconnected securities market. We enter to the period of overall recession, which will last till year 2010 by most of analytics. Because we are strongly pro-export country, our economy is not „crisis-proof“. The state of uncertainty reigns on markets momentarily. A lot of financial institutions do not know, what is has on its portfolio - there is the chance to clean it off. Demand is under the sign of waiting period - it is needed be reanimated.

Motivation of market participants has also to be changed. We cannot only wait passively, but rather to accelerate the adoption of restructuring measures, because we are dealing with the wide-sector crisis - vehement memento sounded! Reasonably, just financial recession ought to increase demand for qualified financial counselling. However, it is not true. While namely consultancy services in the area of building-up real estates, sports, relaxation or hotel facilities registered certain drop, in contrary, an interest in counselling in connection with crisis management of companies increased, Janyík took it on the right measure. „To understand the crisis, its causes and consequences means to prevail it,“ he reminded and supplemented, that to identify situation in which the client is and to specify problems which the client faces is the most important.

03.02.2009 08:00, SF / Juraj Pokorný